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FOR IMMEDIATE RELEASE
SEPTEMBER 16, 2003

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**U.S. FILES NEW CHARGES IN ALLEGED DRIVING SCHOOL BRIBERY
SCHEME; STATEN ISLAND MANAGER ADDED TO INDICTMENT**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that former New York State Commissioner of Labor, JAMES MCGOWAN, and businessman JOHN SEGRETI were arraigned yesterday in White Plains federal court on a Superseding Indictment charging bribery and mail fraud arising from the alleged bribery of MCGOWAN.

JOHN SEGRETI is the owner of a Staten Island-based company that operates numerous schools throughout the country that provide driver education (the "Segreti Companies"). The Superseding Indictment charges that SEGRETI and MCGOWAN had a secret agreement to give MCGOWAN a prospective interest in SEGRETI's companies upon MCGOWAN's departure from his position as Commissioner of Labor and that MCGOWAN, in turn, steered state and federal grant monies towards SEGRETI and his companies, which include National Traffic Safety Institute Corporation ("NTSI"), NTSI of Staten Island and Drive Safe New York, d/b/a New York

Safety Training.

Also arraigned was BARBARA KOTSONIS, a resident of Staten Island and the Regional Manager for the Segreti Companies, who is charged in the Superseding Indictment with mail fraud and conspiracy.

According to the Superseding Indictment and statements made at the court appearance, MCGOWAN allegedly steered hundreds of thousands of grant dollars to a fictitious shell corporation, which in turn, forwarded a portion of those monies to the Segreti Companies. The Indictment further alleges that, at the same time MCGOWAN was steering grant money to SEGRETI, he held a secret interest in the Segreti Companies, which he would receive upon his departure from his position as Commissioner of Labor.

In addition, the Superseding Indictment charges that SEGRETI and KOTSONIS directly and indirectly made bribe payments to MCGOWAN, and in exchange MCGOWAN: (1) provided SEGRETI with advanced notice of anticipated Department of Labor grant provisions, which provisions were not yet available to the public; (2) pressured employees of the Department of Motor Vehicles to expedite a request that SEGRETI had before that agency; (3) introduced SEGRETI to a major recipient of federal and state grant monies and urged that recipient to utilize SEGRETI's companies as a subcontractor; (4) added driver education components to Requests For Proposals pertaining to Department of Labor grants; (5) rejected a Department of Labor funding committee's recommendations regarding the funding of a grant to

be awarded by the Department, in part, to steer additional grant monies to a party that had agreed to use SEGRETI's companies as a subcontractor; and (6) pressured an employee of the New York State Department of Education to expedite a request that SEGRETI had pending before that agency.

The Indictment also alleges that SEGRETI, KOTSONIS and MCGOWAN acted to cover-up their conduct. The Superseding Indictment charges that SEGRETI lied to New York State investigators who were investigating the relationship between SEGRETI and MCGOWAN, falsely stating that he had not paid any of MCGOWAN's personal expenses and falsely denying that he had paid for MCGOWAN's Christmas party, which MCGOWAN had given for his Executive Staff while he was Commissioner of Labor. In addition, the Superseding Indictment alleges that SEGRETI arranged for an affiliate company to pay MCGOWAN on a monthly basis, in order to hide the prohibited payments.

In addition, the Superseding Indictment charges that SEGRETI and KOTSONIS made bribe payments to MCGOWAN which were classified and disguised in the Segreti Company records as legitimate business expenses of the corporations. Similarly, the Superseding Indictment charges that MCGOWAN concealed his financial relationship with SEGRETI in annual financial disclosure statements that he was required to file as

Commissioner of Labor.

MCGOWAN, who is also the former President of the New York State Professional Firefighters Association ("Firefighters"), also is charged with subscribing to false tax returns for 1995 through 1999, which failed to report all of his income. In addition, MCGOWAN is charged with making a false statement in a mortgage application, falsely representing that he had no child support obligations when, in fact, he had a Court-Ordered child support obligation.

MCGOWAN, 65, lives in Yorktown Heights, New York.

SEGRETI, 45, lives in Colts Neck, New Jersey.

KOTSONIS, 42, lives in Staten Island, New York.

United States District Judge CHARLES L. BRIEANT released KOTSONIS on a \$100,000 personal bond. SEGRETI and MCGOWAN remained free on bail previously set in the case. The Court set an April 19, 2004, trial date.

Mr. COMEY said that the Indictment was the product of a joint investigation by the United States Department of Labor's Office of Inspector General and the Pension and Welfare Benefits Administration, the Internal Revenue Service, Criminal Investigation Division and Examination Division and the New York State Inspector General, and praised the efforts of all five agencies. He said the investigation is continuing.

Assistant United States Attorney CYNTHIA K. DUNNE and
PERRY CARBONE are in charge of the prosecution.

The charges in the Indictment are merely accusations,
and the defendants are presumed innocent until proven guilty.

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U.S. Code Maximum Title/Section	Penalties	Total Number Of Counts	Offense Description
18 U.S.C. § 371	1	Conspiracy	5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 yrs. Supervised Release.; restitution
			James McGowan John Segreti Barbara Kotsonis

18 U.S.C. §§ 1341, 1346 and 2	1	Mail Fraud	5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	James McGowan John Segreti Barbara Kotsonis
18 U.S.C. §§ 666(a)(2) and 2	1	Payment of a Bribe	10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	John Segreti
18 U.S.C. §§ 666(a)(1)(B) and 2	1	Receipt of a Bribe	10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	James McGowan

18 U.S.C. §§ 1952(a)(3)	1	Bribery	5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	John Segreti James McGowan
26 U.S.C. § 7206(1)	5	Subscribing to False Income Tax Returns	3 years imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to Gov't; 1 year of Supervised Release; restitution and the costs of prosecution	James McGowan
18 U.S.C. §§ 1014 and 2	1	False Statement to a Financial Institution	30 years imprisonment; \$1,000,000 fine; 5 yrs. Supervised Release; restitution	James McGowan